

ATTENTION: Before the PBGC assumes your employee pension plan, please read this document.

When you inform employees of the potential termination and trusteeship of their pension through the Pension Benefit Guaranty Corporation (PBGC), employees must make many important, time-sensitive decisions. Don't let them overlook the Health Coverage Tax Credit (HCTC), an important health benefit.

What is the HCTC?

The HCTC is a federal tax credit that pays 65% of qualified health insurance premiums for eligible individuals. Your employees, as well as their spouses and dependents, may be eligible to take advantage of the HCTC.

Who is eligible for the HCTC?

Three groups of individuals are potentially eligible for the HCTC. They include individuals who:

1. Receive a benefit from the Pension Benefit Guaranty Corporation (PBGC) and are age 55 or older,
2. Get income support and attend training through the Trade Adjustment Assistance (TAA) program, or
3. Get a wage subsidy through the Alternative Trade Adjustment Assistance (ATAA) program.

How can you help your employees?

It may take several months for the PBGC to assume and trustee a company's pension plan and verify all relevant personnel records. Employees cannot receive the HCTC until they begin receiving PBGC payments and the PBGC sends eligibility records for them to the HCTC Program. *During this time employees should research and enroll in an HCTC qualified health plan.*

Employees are more likely to benefit from the HCTC Program and maintain their health coverage if employers:

- Provide information to employees on qualified health plan options (see below).
- Work with the PBGC to add HCTC Program information to your pension communications. This will ensure that your employees have timely and consistent information on the HCTC.
- Encourage COBRA Health Plan Administrators (HPAs) to enroll to receive monthly HCTC payments so employees can receive the monthly HCTC to help pay for health coverage as premiums become due. COBRA HPAs can view the requirements and steps to enroll with the HCTC Program in the HPA Operations Guide, available online at www.irs.gov (Keyword/Search: HCTC).

What health plans are qualified for the HCTC?

Individuals must be enrolled in a qualified health plan to receive the tax credit. The HCTC will only pay for 65% of four types of health plans:

- COBRA
- State-qualified health plan - for a complete list visit www.irs.gov (Keyword/Search: HCTC)
- Spousal coverage
- Non-group/individual health plan

**To learn more about the HCTC, visit
www.irs.gov (Keyword/Search: HCTC).**



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4441 (Rev. 6-2007)
Catalog Number 39545S